

IN THE SUPREME COURT OF THE STATE OF NEVADA

GOLF CLUB OF ILLINOIS, INC., A
NEVADA CORPORATION; AND GOLF
CLUB OF NEVADA, INC., A NEVADA
CORPORATION,

Appellants,

vs.

THE STATE BOARD OF
EQUALIZATION AND THE
DEPARTMENT OF TAXATION,
ADMINISTRATIVE AGENCIES OF
THE STATE OF NEVADA; CLAY
FITCH, CHAIRMAN OF SAID BOARD;
STEPHEN R. JOHNSON; SHELLI
LOWE; WES SMITH; AND LESLIE
DAANE, IN THEIR OFFICIAL
CAPACITIES AS MEMBERS OF SAID
BOARD; CHARLES E. CHINNOCK, IN
HIS OFFICIAL CAPACITY AS
SECRETARY OF SAID DEPARTMENT;
COUNTY OF CLARK, NEVADA; AND
MARK W. SCHOFIELD, IN HIS
OFFICIAL CAPACITY AS CLARK
COUNTY ASSESSOR,

Respondents.

No. 43884

FILED

APR 19 2006

JANETTE M. BLOOM
CLERK OF SUPREME COURT
BY *J. Richards*
CHIEF DEPUTY CLERK

ORDER AFFIRMING IN PART, REVERSING IN PART AND
REMANDING

This is an appeal from a district court order denying a petition for judicial review of a State Board of Equalization decision. First Judicial District Court, Carson City; Michael R. Griffin, Judge.

Appellants Golf Club of Illinois and Golf Club of Nevada (Taxpayers) filed the underlying petition challenging the valuation of their golf courses as determined by respondent State Board of Equalization (SBE). Although we affirm the SBE's land valuations, we remand for the

SBE to properly consider whether the courses' improvement valuations complied with Marshall & Swift.

CBE and SBE proceedings

Respondent Clark County Assessor initially valued Stallion Mountain Country Club at \$40,729,440, with an improvement value based on \$320,000 per golf course hole. Royal Links Golf Club was initially valued at \$14,620,550. Its improvement value was based on \$450,000 per hole.

The Assessor subsequently acknowledged that these valuations exceeded the properties' full cash value and recommended the County Board of Equalization (CBE) reduce the courses' values. Accordingly, the CBE reduced the taxable value of Stallion Mountain to \$29,382,660 and Royal Links to \$14,043,420, applying the deductions to the courses' improvement valuations.¹

On appeal to the SBE, Taxpayers sought to obtain a reduced valuation of the courses' land values.² At the hearing, both Taxpayers and the Assessor introduced evidence concerning the courses' land valuations. The Assessor only briefly discussed the improvement valuations, arguing that a caveat in the Marshall & Swift manual justified improvement values up to and exceeding \$650,000 per hole.

The SBE reduced the courses' land values to \$10,000 per acre for Royal Links and \$7,500 per acre for Stallion Mountain. After the SBE

¹See NAC 361.131.

²Taxpayers assert they did not appeal the improvement values. This claim lacks merit. When filing their appeal with the SBE, Taxpayers indicated they were appealing the land, improvement, and personal property valuations for both courses.

made these reductions, it reinstated the original, higher improvement values because the courses' taxable value no longer exceeded its full cash value. These reinstatements were performed without considering the appropriateness of the Assessor's original improvement values and increased the taxable value of Royal Links by over \$500,000 and Stallion Mountain by over \$11,000,000.

Standard of Review

Taxpayers' petition is reviewed under NRS 361.420. This statute is specific to challenges to tax assessments and permits a property owner denied relief by the SBE to petition for judicial review.³ The plaintiff bears the burden of proof "to show by clear and satisfactory evidence that any valuation . . . is unjust and inequitable."⁴ This burden is not satisfied "unless the court can find that the Board applied a fundamentally wrong principle, or refused to exercise its best judgment, or that the assessment was so excessive as to give rise to an implication of fraud and bad faith."⁵

Land Valuations

Taxpayers first challenge the SBE's land valuations, arguing the SBE should have set the courses' land value at the nominal rate of \$1,000 per acre. We conclude this claim lacks merit.

³NRS 361.420(2).

⁴NRS 361.430.

⁵Weiss v. State of Nevada, 96 Nev. 465, 467, 611 P.2d 212, 214 (1980); Imperial Palace v. State, Dep't Taxation, 108 Nev. 1060, 1066, 843 P.2d 813, 817 (1992).

Both Taxpayers and the Assessor introduced evidence supporting their proposed land values. The SBE's revised decision indicates the board properly considered the evidence before it and concluded the value per acre for Royal Links should be reduced from \$30,000 to \$10,000 and the value per acre for Stallion Mountain should be reduced from \$40,000 to \$7,500. No evidence demonstrates the SBE applied a wrong principle, refused to exercise its best judgment, or that the assessment was so excessive as to indicate fraud or bad faith. Therefore, we will not disturb the SBE's land valuations.

Improvement valuations

Contrary to the land valuations, nothing in the record indicates the SBE applied the correct principle in valuing the courses' improvements. Specifically, the SBE never determined whether the Assessor's improvement valuations complied with Marshall & Swift, as required under the Nevada Administrative Code.⁶

The SBE argues that the Marshall & Swift manual indicates that golf course improvement values can range anywhere from \$315,000 to more than \$650,000 per hole. The SBE, however, did not rely on this caveat when rendering its decision, instead reinstating the Assessor's initial improvement values because the courses' taxable value no longer exceeded its full market value. This is not the manner in which improvement valuations are to be calculated.⁷

Because we conclude the SBE applied a fundamentally wrong principle in valuing the courses' improvements, we remand the matter for

⁶NAC 361.128(2)(b).

⁷Id.

the SBE to determine whether these improvement values comply with Marshall & Swift.

Conclusion

For the foregoing reasons, we affirm the SBE's land valuations but reverse and remand the SBE's improvement valuations so the Board may determine if these valuations comply with Marshall & Swift.

It is so ORDERED.

Douglas, J.
Douglas

Becker, J.
Becker

Parraguirre, J.
Parraguirre

cc: Hon. Michael R. Griffin, District Judge
Lionel Sawyer & Collins/Reno
Attorney General George Chanos/Carson City
Clark County District Attorney David J. Roger/Civil Division
Carson City Clerk